

MINUTES

HOUSTON FIRST CORPORATION

HOTEL COMMITTEE MEETING

June 29, 2023 – 2:00 P.M.

**George R. Brown Convention Center, 3rd Floor Executive Board Room
1001 Avenida de las Americas
Houston, Texas 77010**

The Hotel Committee (“Committee”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at the George R. Brown Convention Center (GRB), 1001 Avenida de las Americas, 3rd Floor Executive Board Room, Houston, Harris County, Texas 77010 on Thursday, June 29th, 2023, commencing at 2:00 p.m.

Written notice of the meeting including the date, hour, place, and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Committee Members participated in the meeting: Nicki Keenan (Chair), David Minchberg, and George DeMontrond.

- I. **Call to Order.** The Committee Chair called the meeting to order at 2:04 p.m. and a quorum was established.
- II. **Public Comments.** None
- III. **Review and approval of minutes from prior meeting.** Following a duly seconded motion, the February 14th, 2023, minutes were approved as presented.
- IV. **Presentations, Reports, and Updates.**
 - A. **Hilton-Americas-Houston General Manager Report**

Jacques D’Rovencourt, General Manager for the Hilton Americas-Houston Hotel (“Hilton”), reported that 2023 was turning out to be a successful financial performance comeback year with several areas exceeding expectations. Nevertheless, Mr. D’Rovencourt clarified that the Hilton had a few areas falling short, but he highlighted that the laggards were net positive. According to Mr. D’Rovencourt, in December 2022, the Hilton was awarded an unbudgeted Delta Airlines contract representing approximately 16,000 permanent room nights for 2023, mitigating its decreased variance in transient room nights for 2023. He added that growth in group room nights would also reduce the Hilton’s variance.

Mr. D’Rovencourt emphasized that most groups during 2023 had met or exceeded expectations and that several groups contributed to good catering. He also reported that the Hilton expected to exceed budgeted group room nights for 2023.

According to Mr. D'Rovencourt, a few visiting groups to the Hilton failed to meet their contracted performance resulting in over \$1 million in attrition, primarily collected from one group in February 2023.

Mr. D'Rovencourt disclosed that 2023 parking revenues were negative due to the decline in transient room nights.

Hilton had its highest recorded revenue month in March 2023, partly because of CERAWEEK, the world's premier energy conference. He added that the Hilton expected July 2023 to have one of the highest recorded group room nights, with 20,000 reserved.

Mr. D'Rovencourt updated Committee Members on phase two of the Hilton's roof project, which included improvements to the 8th, 18th, 20th, and 25th floors. He stated that the project was progressing and explained how Robert Tai of Gensler created drawings for FM Global's approval and crafted a projected timeline for work.

According to Mr. D'Rovencourt, Hilton's recruitment and staffing improved compared to 2022 and early 2023.

Hilton Worldwide partnered with Forbes in early 2023 to conduct a hotel-wide customer service refresher resulting in the Hilton scoring some of the highest service scores amongst various Hilton properties and other Houston hotels.

Mr. D'Rovencourt provided a performance update for May 2023's YTD Actual versus May 2023's YTD Budget with a variance. He explained that Hilton had an Actual versus Budget of \$4.5 million in total revenues, \$1.5 million in total expenses, and \$3 million in net income. Hilton's 2023 Forecast versus the 2023 Budget yielded \$4.4 million in total revenues, \$1.5 million in total expenses, and \$3 million in net income. Hilton's Total Year 2023 Forecast versus the Total Year 2019 Budget had a variance of \$10.5 million in total revenues, \$261,000 in total expenses, and \$10.4 million in net income.

Cynthia Mondragon, Director of Revenue Management for the Hilton, reported on the Smith Travel Research for May 2023's Year-to-Date versus Comp Set. She stated the Occupancy Index was 107.5%, and the RevPAR Index was 105.2 compared to 101 in 2022. Ms. Mondragon added that the Hilton maintained its year-to-date RPI rank of three of seven.

Jason Monroe, Director of Sales for the Hilton, reported that definite business for the third quarter of 2023 demonstrated positive numbers for July 2023. He added that Hilton expected two groups with over 6,500 room nights and two others with just over 3,200 room nights. Hilton expected to host several groups, with the two largest groups booking 3,600 and 2,300 room nights during August 2023. Similarly, Mr. Monroe stated that the Hilton expected three groups, each booking more than 2,000 room nights during September 2023.

Mr. Monroe emphasized that Hilton's fourth quarter looked solid. He then noted that the Hilton expected six events with over 14,000 room nights in October 2023, five with over 6,000 room nights in November 2023, and three with just over 3,600 room nights in December 2023.

According to Mr. Monroe, as of June 23rd, 2023, the Hilton had 157,518 Group Rooms scheduled, which would be 18% higher than in 2022. He also reported that the Hilton expected 106,681 Group Rooms for 2024, 55,297 Group Rooms for 2025, and 46,552 Group Rooms for 2026.

Ms. Mondragon emphasized the Hilton's continued marketing and media efforts, like its use of social media, partnerships, traditional media, brand.com, and OTA. She also highlighted a Houston Life TV segment focused on Comicpalooza and Pride Month.

B. Hilton-Americas-Houston Commercial Service and Culture Report

Deanne Kelly, Hotel Manager for the Hilton, reported on Service Scores for May YTD 2023. Ms. Kelly explained that Hilton's "overall experience" for May 2023 was 73.1, and YTD was 72.4, seven points better than in 2022. She noted "overall service" was 79.5 for May 2023 and 78.2 YTD, almost eight points better than in 2022. According to Ms. Kelly, "cleanliness of guest rooms" was 82.8 for May 2023 and 80.4 YTD, nearly six points better than in 2022. Ms. Kelly also noted that "feeling welcomed" was 93 for May 2023 and 92 YTD, almost two points higher than in 2022. She concluded that Hilton's reputation index was 74.6%, four points higher than its next competitor.

Ms. Kelly announced that the Hilton received the Award of Excellence again, making it eleven years in a row that the Hilton was honored with the award.

V. Adjourn. The meeting adjourned at 3:01 p.m.